

108TH CONGRESS
2D SESSION

H. R. 5218

To increase health insurance coverage in America by requiring employers to offer health insurance coverage with greater government assistance and by expanding current safety net programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 5, 2004

Mr. GEPHARDT introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To increase health insurance coverage in America by requiring employers to offer health insurance coverage with greater government assistance and by expanding current safety net programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Matt’s Health Insurance Plan Act of 2004”.

- 1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—REQUIREMENT FOR EMPLOYERS TO PROVIDE HEALTH INSURANCE COVERAGE

- Sec. 101. Requirement for employers to provide health insurance coverage.
 Sec. 102. Tax credits for employers to provide health insurance coverage.
 Sec. 103. Health care costs of nontaxpayer employers.

TITLE II—EXPANSION OF EXISTING PUBLIC PROGRAMS

Subtitle A—Access to Medicare Benefits for Individuals 55–to–65 Years of Age

- Sec. 201. Access to medicare benefits for individuals 55–to–65 years of age.

Subtitle B—Refundable Tax Credit for Employee Costs of COBRA Coverage

- Sec. 211. Refundable tax credit for employee costs of COBRA coverage.

Subtitle C—FamilyCare

- Sec. 221. Renaming of title XXI program.
 Sec. 222. Familycare coverage of parents and pregnant women under the medicaid program and title XXI.
 Sec. 223. Automatic enrollment of children born to title XXI parents.
 Sec. 224. Allowing States to simplify rules for families.
 Sec. 225. Revision and simplification of the transitional medical assistance program (TMA).
 Sec. 226. Limitations on conflicts of interest.
 Sec. 227. Increase in chip allotment for each of fiscal years 2002 through 2004.
 Sec. 228. Demonstration programs to improve medicaid and chip outreach to homeless individuals and families.
 Sec. 229. Additional chip revisions.
 Sec. 230. Increased Federal reimbursement for language services under the medicaid program and title XXI.

TITLE III—NATIONAL CENTER FOR EVIDENCE-BASED HEALTHCARE PRACTICES

- Sec. 301. Establishment of center.

1 **TITLE I—REQUIREMENT FOR**
 2 **EMPLOYERS TO PROVIDE**
 3 **HEALTH INSURANCE COV-**
 4 **ERAGE**

5 **SEC. 101. REQUIREMENT FOR EMPLOYERS TO PROVIDE**
 6 **HEALTH INSURANCE COVERAGE.**

7 (a) IN GENERAL.—Each employers must offer health
 8 insurance coverage constituting qualified health care to
 9 employees and former employees of such employer and to
 10 their families.

11 (b) INCORPORATION OF TERMS.—For purposes of
 12 subsection (a), the terms “employer”, “qualified health
 13 care”, “employee”, “former employee”, and “family” have
 14 the meanings given such terms for purposes of chapter
 15 101 of the Internal Revenue Code of 1986, as added by
 16 section 102(a).

17 **SEC. 102. TAX CREDITS FOR EMPLOYERS TO PROVIDE**
 18 **HEALTH INSURANCE COVERAGE.**

19 (a) IN GENERAL.—The Internal Revenue Code of
 20 1986 is amended by adding at the end the following new
 21 subtitle:

22 **“Subtitle L—Employment-Based**
 23 **Health Insurance Tax Credits**

“CHAPTER 101—EMPLOYMENT-BASED HEALTH INSURANCE TAX
 CREDITS

1 **“CHAPTER 101—EMPLOYMENT-BASED**
 2 **HEALTH INSURANCE TAX CREDITS**

“Sec. 9901. Health care costs of employers.

“Sec. 9902. Health insurance costs of the self-employed.

“Sec. 9903. Health insurance costs of certain low wage workers.

“Sec. 9904. Special rules.

3 **“SEC. 9901. HEALTH CARE COSTS OF EMPLOYERS.**

4 “(a) CREDIT FOR EMPLOYERS PROVIDING INSUR-
 5 ANCE PRE-EFFECTIVE DATE.—

6 “(1) IN GENERAL.—In the case of a specified
 7 employer, there shall be allowed as a credit against
 8 the tax imposed by subtitle A an amount equal to
 9 60 percent of the amount paid or incurred by the
 10 employer during the taxable year to provide qualified
 11 health care (directly or otherwise) to the employees
 12 and former employees of such employer and to their
 13 families.

14 “(2) SPECIFIED EMPLOYER.—For purposes of
 15 this subsection—

16 “(A) IN GENERAL.—The term ‘specified
 17 employer’ means any employer who provided
 18 health care (directly or otherwise) to any em-
 19 ployee or former employee of such employer
 20 under a group health plan (as defined in section
 21 5000(b)) during the 1-year period ending on
 22 January 1, 2005.

1 “(B) SUCCESSOR EMPLOYERS.—Except as
2 provided in regulations, any entity and any
3 predecessor or successor entities of such entity
4 shall be treated as 1 entity.

5 (b) CREDIT FOR OTHER EMPLOYERS.—

6 (1) IN GENERAL.—In the case of any employer
7 (other than an employer to which subsection (a) ap-
8 plies), there shall be allowed as a credit against the
9 tax imposed by subtitle A an amount equal to the
10 lesser of—

11 “(A) 100 percent of the amount paid or in-
12 curred by the employer during the taxable year
13 to provide qualified health care (directly or oth-
14 erwise) to the employees and former employees
15 of such employer and to their families, or

16 “(B) 60 percent of the total amounts paid
17 or incurred (including any amounts paid or in-
18 curred by employees or former employees of the
19 employer as premiums or other cost-sharing)
20 during the taxable year to provide qualified
21 health care (directly or otherwise) to the em-
22 ployees and former employees of such employer
23 and to their families.

24 “(c) QUALIFIED HEALTH CARE.—For purposes of
25 this section, the term ‘qualified health care’ means health

1 care for which the employer bears 60 percent or more of
2 the cost.

3 “(d) CERTAIN EMPLOYMENT NOT TAKEN INTO AC-
4 COUNT.—For purposes this section, except as provided in
5 regulations by the Secretary, an individual shall be treated
6 as an employee only with respect to employment described
7 in section 3121(b) (determined without regard to para-
8 graph (7) thereof).

9 **“SEC. 9902. HEALTH INSURANCE COSTS OF THE SELF-EM-**
10 **PLOYED.**

11 “(a) IN GENERAL.—In the case of an individual who
12 is an employee within the meaning of section 401(c)(1),
13 there shall be allowed as a credit against the tax imposed
14 by subtitle A an amount equal to 60 percent of the amount
15 paid by the taxpayer during the taxable year for insurance
16 which constitutes medical care for the taxpayer, his
17 spouse, and dependents.

18 “(b) LIMITATIONS.—

19 “(1) DOLLAR AMOUNT.—No credit shall be al-
20 lowed under subsection (a) to the extent that the
21 amount of such credit exceeds the taxpayer’s earned
22 income (within the meaning of section 401(c)) de-
23 rived by the taxpayer from the trade or business
24 with respect to which the plan providing the medical
25 care coverage is established.

1 “(2) OTHER COVERAGE.—Subsection (a) shall
 2 not apply to any taxpayer for any calendar month
 3 for which the taxpayer is eligible to participate in
 4 any subsidized health plan maintained by any em-
 5 ployer of the taxpayer or of the spouse of the tax-
 6 payer. The preceding sentence shall be applied sepa-
 7 rately with respect to—

8 “(A) plans which include coverage for
 9 qualified long-term care services (as defined in
 10 section 7702B(c)) or are qualified long-term
 11 care insurance contracts (as defined in section
 12 7702B(b)), and

13 “(B) plans which do not include such cov-
 14 erage and are not such contracts.

15 “(3) LONG-TERM CARE PREMIUMS.—In the
 16 case of a qualified long-term care insurance contract
 17 (as defined in section 7702B(b)), only eligible long-
 18 term care premiums (as defined in section
 19 213(d)(10) shall be taken into account under para-
 20 graph (1).

21 **“SEC. 9903. HEALTH INSURANCE COSTS OF CERTAIN LOW**
 22 **WAGE WORKERS.**

23 “(a) IN GENERAL.—In the case of an individual,
 24 there shall be allowed as a credit against the tax imposed
 25 by subtitle A an amount equal to 25 percent of the amount

1 paid by the taxpayer for coverage of the taxpayer, his
 2 spouse, and dependents under any subsidized health plan
 3 maintained by any employer of the taxpayer or of the
 4 spouse of the taxpayer.

5 “(b) LIMITATION.—

6 “(1) IN GENERAL.—The amount of the credit
 7 allowed under subsection (a) shall be reduced (but
 8 not below zero) by an amount which bears the same
 9 ratio to the amount so determined as—

10 “(A) the amount (if any) by which the tax-
 11 payer’s adjusted gross income for the taxable
 12 year exceeds the threshold amount, bears to

13 “(B) the threshold amount.

14 “(2) THRESHOLD AMOUNT.—For purposes of
 15 this subsection, the term ‘threshold amount’ means
 16 the poverty line (as defined in section 673(2) of the
 17 Community Services Block Grant Act, including any
 18 revision required by such section) for a family of the
 19 size involved, as in effect at the close of the taxable
 20 year.

21 “(c) SPECIAL RULES.—

22 “(1) COORDINATION WITH SAVINGS AC-
 23 COUNTS.—Amounts distributed from an Archer
 24 MSA (as defined in section 220(d)) or a health sav-

1 ings account (as defined in section 223(d)) shall not
 2 be taken into account under subsection (a).

3 “(2) DENIAL OF CREDIT TO DEPENDENTS.—No
 4 credit shall be allowed under this section to any indi-
 5 vidual with respect to whom a deduction under sec-
 6 tion 151 is allowable to another taxpayer for a tax-
 7 able year beginning in the calendar year in which
 8 such individual’s taxable year begins.

9 “(3) MARRIED COUPLES MUST FILE JOINT RE-
 10 TURN.—If the taxpayer is married at the close of
 11 the taxable year, the credit shall be allowed under
 12 subsection (a) only if the taxpayer and his spouse
 13 file a joint return for the taxable year. Rules similar
 14 to the rules of paragraphs (3) and (4) of section
 15 21(e) shall apply for purposes of this paragraph.

16 **“SEC. 9904. SPECIAL RULES.**

17 “(a) CREDITS TREATED AS REFUNDABLE.—For pur-
 18 poses of this title, the credits allowed under this chapter
 19 shall be treated as allowed under subpart C of part IV
 20 of subchapter A of chapter 1.

21 “(b) COORDINATION WITH DEDUCTIONS.—Any
 22 amount which is taken into account under section
 23 9901(a)(1), 9901(b)(1) (determined without regard to sec-
 24 tion 9901(b)(1)(B)), 9902(a), or 9903(a) shall not be

1 taken into account in determining any deduction under
2 subtitle A.

3 “(c) REGULATIONS.—The Secretary may prescribe
4 such regulations and other guidance as may be necessary
5 or appropriate to carry out this chapter.”.

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 162 of the Internal Revenue Code
8 of 1986 is amended by striking subsection (l).

9 (2) Paragraph (2) of section 1324(b) of title
10 31, United States Code, is amended by inserting “or
11 chapter 101” after “section 35”.

12 (3) The table of subtitles of the Internal Rev-
13 enue Code of 1986 is amended by adding at the end
14 the following new item:

“Subtitle L—Employment-based health insurance tax credits.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this subsection shall apply to taxable years beginning after
17 December 31, 2004.

18 **SEC. 103. HEALTH CARE COSTS OF NONTAXPAYER EMPLOY-**
19 **ERS.**

20 (a) PAYMENTS BY SECRETARY OF THE TREASURY.—
21 The Secretary of the Treasury shall establish a program
22 under which the Secretary shall make payments to quali-
23 fied nontaxpayer employers in amounts equal to the cred-
24 its that such employers would have been allowed under
25 section 9901 of the Internal Revenue Code of 1986 if such

1 employers were subject to, and not exempt from, taxation
2 under subtitle A of such Code.

3 (b) QUALIFIED NONTAXPAYER EMPLOYERS.—For
4 purposes of this section, the term “qualified nontaxpayer
5 employer” means any employer which is—

6 (A) a State, political subdivision of a
7 State, or any agency or instrumentality of a
8 State or political subdivision of a State,

9 (B) any Indian tribal government (as de-
10 fined in section 7701(a)(40) of the Internal
11 Revenue Code of 1986), subdivision of an In-
12 dian tribal government (determined in accord-
13 ance with section 7871(d) of such Code), or an
14 agency or instrumentality of an Indian tribal
15 government or subdivision thereof, or

16 (C) any other organization (other than a
17 governmental or tribal unit) exempt from tax
18 under subtitle A of the Internal Revenue Code
19 of 1986.

TITLE II—EXPANSION OF EXISTING PUBLIC PROGRAMS

Subtitle A—Access to Medicare Benefits for Individuals
55-to-65 Years of Age

SEC. 201. ACCESS TO MEDICARE BENEFITS FOR INDIVIDUALS 55-TO-65 YEARS OF AGE.

(a) IN GENERAL.—Title XVIII of the Social Security Act, as amended by section 101(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108–173), is amended—

(1) by redesignating part E as part F; and

(2) by inserting after part D the following new

part:

“PART E—PURCHASE OF MEDICARE BENEFITS BY CERTAIN INDIVIDUALS 55-TO-65 YEARS OF AGE

“SEC. 1860E-1. PROGRAM BENEFITS; ELIGIBILITY.

“(a) ENTITLEMENT TO MEDICARE BENEFITS FOR ENROLLED INDIVIDUALS.—

“(1) IN GENERAL.—An individual enrolled under this part is entitled to the same benefits under this title as an individual entitled to benefits or enrolled under any part of this title.

“(2) DEFINITIONS.—For purposes of this part:

1 “(A) FEDERAL OR STATE COBRA CON-
2 TINUATION PROVISION.—The term ‘Federal or
3 State COBRA continuation provision’ has the
4 meaning given the term ‘COBRA continuation
5 provision’ in section 2791(d)(4) of the Public
6 Health Service Act and includes a comparable
7 State program, as determined by the Secretary.

8 “(B) FEDERAL HEALTH INSURANCE PRO-
9 GRAM DEFINED.—The term ‘Federal health in-
10 surance program’ means any of the following:

11 “(i) MEDICARE.—Any part of this
12 title (other than by reason of this part).

13 “(ii) MEDICAID.—A State plan under
14 title XIX.

15 “(iii) FEHBP.—The Federal employ-
16 ees health benefit program under chapter
17 89 of title 5, United States Code.

18 “(iv) TRICARE.—The TRICARE
19 program (as defined in section 1072(7) of
20 title 10, United States Code).

21 “(v) ACTIVE DUTY MILITARY.—Health
22 benefits under title 10, United States
23 Code, to an individual as a member of the
24 uniformed services of the United States.

1 “(C) GROUP HEALTH PLAN.—The term
2 ‘group health plan’ has the meaning given such
3 term in section 2791(a)(1) of the Public Health
4 Service Act.

5 “(b) ELIGIBILITY OF INDIVIDUALS AGE 55-TO-65
6 YEARS OF AGE.—

7 “(1) IN GENERAL.—Subject to paragraph (2),
8 an individual who meets the following requirements
9 with respect to a month is eligible to enroll under
10 this part with respect to such month:

11 “(A) AGE.—As of the last day of the
12 month, the individual has attained 55 years of
13 age, but has not attained 65 years of age.

14 “(B) MEDICARE ELIGIBILITY (BUT FOR
15 AGE).—The individual would be eligible for ben-
16 efits under part A or part B for the month if
17 the individual were 65 years of age.

18 “(C) NOT ELIGIBLE FOR COVERAGE
19 UNDER GROUP HEALTH PLANS OR FEDERAL
20 HEALTH INSURANCE PROGRAMS.—The indi-
21 vidual is not eligible for benefits or coverage
22 under a Federal health insurance program (as
23 defined in subsection (a)(2)(B)) or under a
24 group health plan (other than such eligibility
25 merely through a Federal or State COBRA con-

1 tinuation provision) as of the last day of the
2 month involved.

3 “(2) LIMITATION ON ELIGIBILITY IF TERMI-
4 NATED ENROLLMENT.—If an individual described in
5 paragraph (1) enrolls under this part and coverage
6 of the individual is terminated under section 1860E-
7 2(d) (other than because of age), the individual is
8 not again eligible to enroll under this subsection un-
9 less the following requirements are met:

10 “(A) NEW COVERAGE UNDER GROUP
11 HEALTH PLAN OR FEDERAL HEALTH INSUR-
12 ANCE PROGRAM.—After the date of termination
13 of coverage under such section, the individual
14 obtains coverage under a group health plan or
15 under a Federal health insurance program.

16 “(B) SUBSEQUENT LOSS OF NEW COV-
17 ERAGE.—The individual subsequently loses eli-
18 gibility for the coverage described in subpara-
19 graph (A) without regard to whether the indi-
20 vidual has exhausted any eligibility the indi-
21 vidual may subsequently have for coverage
22 under a Federal or State COBRA continuation
23 provision.

24 “(3) CHANGE IN HEALTH PLAN ELIGIBILITY
25 DOES NOT AFFECT COVERAGE.—In the case of an

1 individual who is eligible for and enrolls under this
 2 part under this subsection, the individual's continued
 3 entitlement to benefits under this part shall not be
 4 affected by the individual's subsequent eligibility for
 5 benefits or coverage described in paragraph (1)(C),
 6 or entitlement to such benefits or coverage.

7 **“SEC. 1860E-2. ENROLLMENT PROCESS; COVERAGE.**

8 “(a) IN GENERAL.—An individual may enroll in the
 9 program established under this part only in such manner
 10 and form as may be prescribed by regulations, and only
 11 during an enrollment period prescribed by the Secretary
 12 consistent with the provisions of this section. Such regula-
 13 tions shall provide a process under which individuals eligi-
 14 ble to enroll as of a month are permitted to pre-enroll dur-
 15 ing a prior month within an enrollment period described
 16 in subsection (b).

17 “(b) ENROLLMENT PERIODS.—

18 “(1) INDIVIDUALS 55-TO-65 YEARS OF AGE.—In
 19 the case of individuals eligible to enroll under this
 20 part under section 1860E-1(b)—

21 “(A) INITIAL ENROLLMENT PERIOD.—If
 22 the individual is eligible to enroll under such
 23 section for January 2005, the enrollment period
 24 shall begin on November 1, 2004, and shall end
 25 on February 28, 2005. Any such enrollment be-

1 fore January 1, 2005, is conditioned upon com-
2 pliance with the conditions of eligibility for Jan-
3 uary 2005.

4 “(B) SUBSEQUENT PERIODS.—If the indi-
5 vidual is eligible to enroll under such section for
6 a month after January 2005, the enrollment pe-
7 riod shall begin on the first day of the second
8 month before the month in which the individual
9 first is eligible to so enroll and shall end four
10 months later. Any such enrollment before the
11 first day of the third month of such enrollment
12 period is conditioned upon compliance with the
13 conditions of eligibility for such third month.

14 “(2) AUTHORITY TO CORRECT FOR GOVERN-
15 MENT ERRORS.—The provisions of section 1837(h)
16 apply with respect to enrollment under this part in
17 the same manner as they apply to enrollment under
18 part B.

19 “(c) DATE COVERAGE BEGINS.—

20 “(1) IN GENERAL.—The period during which
21 an individual is entitled to benefits under this part
22 shall begin as follows, but in no case earlier than
23 January 1, 2005:

24 “(A) In the case of an individual who en-
25 rolls (including pre-enrolls) before the month in

1 which the individual satisfies eligibility for en-
2 rollment under section 1860E–1, the first day
3 of such month of eligibility.

4 “(B) In the case of an individual who en-
5 rolls during or after the month in which the in-
6 dividual first satisfies eligibility for enrollment
7 under such section, the first day of the fol-
8 lowing month.

9 “(2) AUTHORITY TO PROVIDE FOR PARTIAL
10 MONTHS OF COVERAGE.—Under regulations, the
11 Secretary may, in the Secretary’s discretion, provide
12 for coverage periods that include portions of a
13 month in order to avoid lapses of coverage.

14 “(3) LIMITATION ON PAYMENTS.—No payments
15 may be made under this title with respect to the ex-
16 penses of an individual enrolled under this part un-
17 less such expenses were incurred by such individual
18 during a period which, with respect to the individual,
19 is a coverage period under this section.

20 “(d) TERMINATION OF COVERAGE.—

21 “(1) IN GENERAL.—An individual’s coverage
22 period under this part shall continue until the indi-
23 vidual’s enrollment has been terminated at the ear-
24 liest of the following:

25 “(A) GENERAL PROVISIONS.—

1 “(i) NOTICE.—The individual files no-
2 tice (in a form and manner prescribed by
3 the Secretary) that the individual no
4 longer wishes to participate in the insur-
5 ance program under this part.

6 “(ii) NONPAYMENT OF PREMIUMS.—
7 The individual fails to make payment of
8 premiums required for enrollment under
9 this part.

10 “(iii) MEDICARE ELIGIBILITY.—The
11 individual becomes entitled to benefits or
12 enrolled under any other part of this title
13 (other than by reason of this part).

14 “(B) TERMINATION BASED ON AGE.—The
15 individual attains 65 years of age.

16 “(2) EFFECTIVE DATE OF TERMINATION.—

17 “(A) NOTICE.—The termination of a cov-
18 erage period under paragraph (1)(A)(i) shall
19 take effect at the close of the month following
20 for which the notice is filed.

21 “(B) NONPAYMENT OF PREMIUM.—The
22 termination of a coverage period under para-
23 graph (1)(A)(ii) shall take effect on a date de-
24 termined under regulations, which may be de-
25 termined so as to provide a grace period in

1 which overdue premiums may be paid and cov-
2 erage continued. The grace period determined
3 under the preceding sentence shall not exceed
4 60 days; except that it may be extended for an
5 additional 30 days in any case where the Sec-
6 retary determines that there was good cause for
7 failure to pay the overdue premiums within
8 such 60-day period.

9 “(C) AGE OR MEDICARE ELIGIBILITY.—

10 The termination of a coverage period under
11 paragraph (1)(A)(iii) or (1)(B) shall take effect
12 as of the first day of the month in which the
13 individual attains 65 years of age or becomes
14 entitled to benefits or enrolled in any other part
15 of this title (other than by reason of this part).

16 **“SEC. 1860E-3. PREMIUMS.**

17 “(a) AMOUNT OF MONTHLY PREMIUMS.—The Sec-
18 retary shall, during September of each year (beginning
19 with 2004), determine a monthly premium for individuals
20 55 years of age or older, equal to $\frac{1}{12}$ of the annual pre-
21 mium computed under subsection (b)(2), which shall apply
22 with respect to coverage provided under this title for any
23 month in the succeeding year.

24 “(b) ANNUAL PREMIUM.—

1 “(1) NATIONAL, PER CAPITA AVERAGE.—The
2 Secretary shall estimate the average, annual per
3 capita amount that would be payable under this title
4 with respect to individuals residing in the United
5 States who meet the requirement of section 1860E–
6 1(b)(1)(A) as if all such individuals were eligible for
7 (and enrolled) under this title during the entire year
8 (and assuming that section 1862(b)(2)(A)(i) did not
9 apply).

10 “(2) ANNUAL PREMIUM.—The annual premium
11 under this subsection for months in a year is equal
12 to the average, annual per capita amount estimated
13 under paragraph (1) for the year.

14 **“SEC. 1860E–4. PAYMENT OF PREMIUMS.**

15 “(a) PAYMENT OF MONTHLY PREMIUM.—

16 “(1) IN GENERAL.—The Secretary shall provide
17 for payment and collection of the monthly premium,
18 determined under section 1860E–3(a) for the age of
19 the individual involved, in the same manner as for
20 payment of monthly premiums under section 1840,
21 except that, for purposes of applying this section,
22 any reference in such section to the Federal Supple-
23 mentary Medical Insurance Trust Fund is deemed a
24 reference to the Trust Fund established under sec-
25 tion 1860E–6.

1 “(2) PERIOD OF PAYMENT.—In the case of an
2 individual who participates in the program estab-
3 lished by this title, the monthly premium shall be
4 payable for the period commencing with the first
5 month of the individual’s coverage period and ending
6 with the month in which the individual’s coverage
7 under this title terminates.

8 “(b) APPLICATION OF CERTAIN PROVISIONS.—The
9 provisions of section 1840 (other than subsection (h))
10 shall apply to premiums collected under this section in the
11 same manner as they apply to premiums collected under
12 part B, except that any reference in such section to the
13 Federal Supplementary Medical Insurance Trust Fund is
14 deemed a reference to the Trust Fund established under
15 section 1860E–6.

16 **“SEC. 1860E–5. PROVISIONS RELATING TO EMPLOYMENT-**
17 **BASED RETIREE HEALTH COVERAGE.**

18 “(a) IN GENERAL.—In the case of an individual who
19 would be eligible to enroll under this part but for the pro-
20 vision of employment-based retiree health coverage by an
21 employer to the individual, notwithstanding the limitation
22 under section 1860E–1(b)(1)(C), the individual is eligible
23 to enroll under this part.

24 “(b) MAINTENANCE OF EFFORT.—In the case of an
25 employer that offers employment-based retiree health cov-

1 erage to an individual who enrolls under this part, upon
 2 enrollment of the individual under this part, the employer
 3 may modify such coverage to provide for the following ben-
 4 efits:

5 “(1) Payment is made by the employer under
 6 such coverage for items and services for which pay-
 7 ment may not be made under this title.

8 “(2) Payment is made by the employer spon-
 9 soring such coverage of 25 percent of the monthly
 10 premium under section 1860E–3 applicable to the
 11 individual after enrollment under this part.

12 “(c) EMPLOYMENT-BASED RETIREE HEALTH COV-
 13 ERAGE.—The term ‘employment-based retiree health cov-
 14 erage’ has the meaning given that term in section 1860D–
 15 22(c)(1), except that, for purposes of this part, any ref-
 16 erence in such section to ‘part D’ is deemed to be a ref-
 17 erence to ‘part E’.

18 **“SEC. 1860E–6. MEDICARE EARLY ACCESS TRUST FUND.**

19 “(a) ESTABLISHMENT OF TRUST FUND.—

20 “(1) IN GENERAL.—There is hereby created on
 21 the books of the Treasury of the United States a
 22 trust fund to be known as the ‘Medicare Early Ac-
 23 cess Trust Fund’ (in this section referred to as the
 24 ‘Trust Fund’). The Trust Fund shall consist of such
 25 gifts and bequests as may be made as provided in

1 section 201(i)(1) and such amounts as may be de-
 2 posited in, or appropriated to, such fund as provided
 3 in this title.

4 “(2) PREMIUMS.—Premiums collected under
 5 section 1860E–3 and payable under section 1860E–
 6 5(a)(2) shall be transferred to the Trust Fund.

7 “(b) INCORPORATION OF PROVISIONS.—

8 “(1) IN GENERAL.—Subject to paragraph (2),
 9 subsections (b) through (i) of section 1841 shall
 10 apply with respect to the Trust Fund and this title
 11 in the same manner as they apply with respect to
 12 the Federal Supplementary Medical Insurance Trust
 13 Fund and part B, respectively.

14 “(2) MISCELLANEOUS REFERENCES.—In apply-
 15 ing provisions of section 1841 under paragraph
 16 (1)—

17 “(A) any reference in such section to ‘this
 18 part’ is construed to refer to this part E;

19 “(B) any reference in section 1841(h) to
 20 section 1840(d) and in section 1841(i) to sec-
 21 tions 1840(b)(1) and 1842(g) are deemed ref-
 22 erences to comparable authority exercised under
 23 this part; and

24 “(C) payments may be made under section
 25 1841(g) to the Trust Funds under sections

1 1817 and 1841 as reimbursement to such funds
2 for payments they made for benefits provided
3 under this part.

4 **“SEC. 1860E-7. OVERSIGHT AND ACCOUNTABILITY.**

5 “(a) THROUGH ANNUAL REPORTS OF TRUSTEES.—
6 The Board of Trustees of the Medicare Early Access
7 Trust Fund under section 1860E-6(b)(1) shall report on
8 an annual basis to Congress concerning the status of the
9 Trust Fund and the need for adjustments in the program
10 under this part to maintain financial solvency of the pro-
11 gram under this part.

12 “(b) PERIODIC GAO REPORTS.—The Comptroller
13 General of the United States shall periodically submit to
14 Congress reports on the adequacy of the financing of cov-
15 erage provided under this part. The Comptroller General
16 shall include in such report such recommendations for ad-
17 justments in such financing and coverage as the Comp-
18 troller General deems appropriate in order to maintain fi-
19 nancial solvency of the program under this part.

20 **“SEC. 1860E-8. ADMINISTRATION AND MISCELLANEOUS.**

21 “(a) TREATMENT FOR PURPOSES OF TITLE.—Ex-
22 cept as otherwise provided in this part—

23 “(1) individuals enrolled under this part shall
24 be treated for purposes of this title as though the in-

1 dividual were entitled to benefits and enrolled under
2 any part of this title; and

3 “(2) benefits described in section 1860E–1
4 shall be payable under this title to such individuals
5 in the same manner as if such individuals were so
6 entitled and enrolled.

7 “(b) NOT TREATED AS MEDICARE PROGRAM FOR
8 PURPOSES OF MEDICAID PROGRAM.—For purposes of ap-
9 plying title XIX (including the provision of medicare cost-
10 sharing assistance under such title), an individual who is
11 enrolled under this part shall not be treated as being enti-
12 tled to benefits under this title.

13 “(c) NOT TREATED AS MEDICARE PROGRAM FOR
14 PURPOSES OF COBRA CONTINUATION PROVISIONS.—In
15 applying a COBRA continuation provision (as defined in
16 section 2791(d)(4) of the Public Health Service Act), any
17 reference to an entitlement to benefits under this title
18 shall not be construed to include entitlement to benefits
19 under this title pursuant to the operation of this part.”.

20 (b) CONFORMING AMENDMENTS TO SOCIAL SECU-
21 RITY ACT.—(1) Section 201(i)(1) of the Social Security
22 Act (42 U.S.C. 401(i)(1)) is amended by striking “or the
23 Federal Supplementary Medical Insurance Trust Fund”
24 and inserting “the Federal Supplementary Medical Insur-

1 ance Trust Fund, and the Medicare Early Access Trust
2 Fund”.

3 (2) Section 201(g)(1)(A) of such Act (42 U.S.C.
4 401(g)(1)(A)) is amended by striking “and the Federal
5 Supplementary Medical Insurance Trust Fund established
6 by title XVIII” and inserting “, the Federal Supple-
7 mentary Medical Insurance Trust Fund, and the Medicare
8 Early Access Trust Fund established by title XVIII”.

9 (3) Section 1820(i) of such Act (42 U.S.C. 1395i-
10 4(i)) is amended by striking “part D” and inserting “part
11 F”.

12 (4) Section 1853 of such Act (42 U.S.C.
13 1395w-23), as amended by section 222(d) of the
14 Medicare Prescription Drug, Improvement, and
15 Modernization Act of 2003 (Public Law 108-173),
16 is amended by adding at the end the following new
17 subsection:

18 “(k) ADJUSTMENT FOR EARLY ACCESS.—In apply-
19 ing this section with respect to individuals entitled to bene-
20 fits under part E, the Secretary shall provide for an appro-
21 priate adjustment in, for 2005, the Medicare+Choice capi-
22 tation rate, and for years beginning with 2006, the pay-
23 ment amount determined under this section or section
24 1858, as may be appropriate to reflect differences between

1 the population served under such part and the population
 2 under parts A and B.”.

3 (5) Section 1860D–15(c)(1) of such Act, as
 4 added by section 101(a) of the Medicare Prescrip-
 5 tion Drug, Improvement, and Modernization Act of
 6 2003 (Public Law 108–173), is amended by adding
 7 at the end the following new subparagraph:

8 “(E) ADJUSTMENT FOR EARLY ACCESS.—

9 In applying this section with respect to individ-
 10 uals entitled to benefits under part E, the Sec-
 11 retary shall provide for an appropriate adjust-
 12 ment in the payment amount determined under
 13 this section as may be appropriate to reflect dif-
 14 ferences between the population served under
 15 such part and the population under parts A and
 16 B.”.

17 (c) OTHER CONFORMING.—(1) Section 602(2)(D)(ii)
 18 of the Employee Retirement Income Security Act of 1974
 19 (29 U.S.C. 1162(2)) is amended by inserting “(not includ-
 20 ing an individual who is so entitled pursuant to enrollment
 21 under section 1860E–1)” after “Social Security Act”.

22 (2) Section 2202(2)(D)(ii) of the Public Health Serv-
 23 ice Act (42 U.S.C. 300bb–2(2)(D)(ii)) is amended by in-
 24 serting “(not including an individual who is so entitled

1 pursuant to enrollment under section 1860E–1)” after
 2 “Social Security Act”.

3 (3) Section 4980B(f)(2)(B)(i)(V) of the Internal Rev-
 4 enue Code of 1986 is amended by inserting “(not includ-
 5 ing an individual who is so entitled pursuant to enrollment
 6 under section 1860E–1)” after “Social Security Act”.

7 **Subtitle B—Refundable Tax Credit**
 8 **for Employee Costs of COBRA**
 9 **Coverage**

10 **SEC. 211. REFUNDABLE TAX CREDIT FOR EMPLOYEE COSTS**
 11 **OF COBRA COVERAGE.**

12 (a) IN GENERAL.—Chapter 101 of the Internal Rev-
 13 enue Code of 1986, as added by section 102, is amended
 14 by redesignating section 9905 as section 9906 and by in-
 15 serting after section 9904 the following new section:

16 **“SEC. 9905. EMPLOYEE COSTS OF COBRA COVERAGE.**

17 “(a) IN GENERAL.—In the case of an individual,
 18 there shall be allowed against the tax imposed by subtitle
 19 A an amount equal to 65 percent of the amount paid by
 20 the taxpayer for coverage of the taxpayer, his spouse, and
 21 dependents under a COBRA continuation provision (as de-
 22 fined in section 9832(d)(1)).

23 “(b) SPECIAL RULES.—Rules similar to the rules of
 24 section 9904(c) shall apply for purposes of this section.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Subsection (b) of section 9906 of such Code
 2 (as added by section 102 and redesignated by sub-
 3 section (a)) is further amended by striking “or
 4 9904(a)” and inserting “9904(a), or 9905(a)”.

5 (2) The table of sections for chapter 101 of
 6 such Code is amended by striking the item relating
 7 to section 9905 and inserting the following new
 8 items:

“Sec. 9905. Employee costs of COBRA coverage.
 “Sec. 9906. Special rules.”.

9 (c) EFFECTIVE DATE.—The amendments made by
 10 this section shall apply to taxable years beginning after
 11 December 31, 2004.

12 **Subtitle C—FamilyCare**

13 **SEC. 221. RENAMING OF TITLE XXI PROGRAM.**

14 (a) IN GENERAL.—The heading of title XXI of the
 15 Social Security Act (42 U.S.C. 1397aa et seq.) is amended
 16 to read as follows:

17 “TITLE XXI—FAMILYCARE PROGRAM”.

18 (b) PROGRAM REFERENCES.—Any reference in any
 19 provision of Federal law or regulation to “SCHIP” or
 20 “State children’s health insurance program” under title
 21 XXI of the Social Security Act shall be deemed a reference
 22 to the FamilyCare program under such title.

1 **SEC. 222. FAMILYCARE COVERAGE OF PARENTS AND PREG-**
 2 **NANT WOMEN UNDER THE MEDICAID PRO-**
 3 **GRAM AND TITLE XXI.**

4 (a) INCENTIVES TO IMPLEMENT FAMILYCARE COV-
 5 ERAGE.—

6 (1) UNDER MEDICAID.—

7 (A) ESTABLISHMENT OF NEW OPTIONAL
 8 ELIGIBILITY CATEGORY.—Section
 9 1902(a)(10)(A)(ii) of the Social Security Act
 10 (42 U.S.C. 1396a(a)(10)(A)(ii)) is amended—

11 (i) by striking “or” at the end of sub-
 12 clause (XVII);

13 (ii) by adding “or” at the end of sub-
 14 clause (XVIII); and

15 (iii) by adding at the end the fol-
 16 lowing:

17 “(XIX) who are individuals de-
 18 scribed in subsection (k)(1) (relating
 19 to parents of categorically eligible chil-
 20 dren);”.

21 (B) PARENTS DESCRIBED.—Section 1902
 22 of the Social Security Act is further amended
 23 by inserting after subsection (j) the following:

24 “(k)(1)(A) Individuals described in this paragraph
 25 are individuals—

1 “(i) who are the parents of an individual who
2 is under 19 years of age (or such higher age as the
3 State may have elected under section 1902(l)(1)(D))
4 and who is eligible for medical assistance under sub-
5 section (a)(10)(A);

6 “(ii) who are not otherwise eligible for medical
7 assistance under such subsection or under a waiver
8 approved under section 1115 or otherwise (except
9 under section 1931 or under subsection
10 (a)(10)(A)(ii)(XIX)); and

11 “(iii) whose family income or resources exceeds
12 the effective income level or resource level applicable
13 under the State plan under part A of title IV as in
14 effect as of July 16, 1996, but does not exceed the
15 highest effective income or resource level (if any) ap-
16 plicable to a child in the family under this title.

17 “(B) In establishing an income eligibility level for in-
18 dividuals described in this paragraph, a State may vary
19 such level consistent with the various income levels estab-
20 lished under subsection (l)(2) in order to ensure, to the
21 maximum extent possible, that such individuals shall be
22 enrolled in the same program as their children.

23 “(C) An individual may not be treated as being de-
24 scribed in this paragraph unless, at the time of the individ-
25 ual’s enrollment under this title, the child referred to in

1 subparagraph (A)(i) of the individual is also enrolled
 2 under this title or otherwise insured.

3 “(D) In this subsection, the term ‘parent’ includes
 4 an individual treated as a caretaker for purposes of car-
 5 rying out section 1931.

6 “(E) In this subsection, the term ‘effective income
 7 level’ means the income level expressed as a percent of
 8 the poverty line and considering applicable income dis-
 9 regards.

10 “(2) The State shall provide for coverage of a parent
 11 described in paragraph (1) or section 2111 of a child who
 12 is covered under this title or title XXI under the same
 13 title as the title as such child is covered. In the case of
 14 a parent described in paragraph (1) who is also the parent
 15 of a child who is eligible for child health assistance under
 16 title XXI, the State may elect (on a uniform basis) to
 17 cover all such parents under section 2111 or under this
 18 title.”.

19 (C) ENHANCED MATCHING FUNDS AVAIL-
 20 ABLE IF CERTAIN CONDITIONS MET.—Section
 21 1905 of the Social Security Act (42 U.S.C.
 22 1396d) is amended—

23 (i) in the fourth sentence of sub-
 24 section (b), by striking “or subsection

1 (u)(3)” and inserting “, (u)(3), or
2 (u)(4)(A)”;

3 (ii) in subsection (u)—

4 (I) by redesignating paragraph
5 (4) as paragraph (6), and

6 (II) by inserting after paragraph
7 (3) the following:

8 “(4) For purposes of subsection (b) and section
9 2105(a)(1):

10 “(A) FAMILYCARE PARENTS.—The expendi-
11 tures described in this subparagraph are the expend-
12 itures described in the following clauses (i) and (ii):

13 “(i) PARENTS.—If the conditions described
14 in clauses (iii) and (iv) are met, expenditures
15 for medical assistance for parents described in
16 section 1902(k)(1) and for parents who would
17 be described in such section but for the fact
18 that they are eligible for medical assistance
19 under section 1931 or under a waiver approved
20 under section 1115.

21 “(ii) CERTAIN PREGNANT WOMEN.—If the
22 conditions described in clause (v) are met, ex-
23 penditures for medical assistance for pregnant
24 women described in subsection (n) or under sec-
25 tion 1902(l)(1)(A) in a family the income of

1 which exceeds the effective income level applica-
2 ble under subsection (a)(10)(A)(i)(III) or
3 (l)(2)(A) of section 1902 to a family of the size
4 involved as of January 1, 2005.

5 “(iii) CONDITIONS RELATING TO ENSURING
6 CHILDREN’S COVERAGE FOR ENHANCED MATCH
7 FOR PARENTS.—The conditions described in
8 this clause are the following:

9 “(I) The State has a State child
10 health plan under title XXI which (wheth-
11 er implemented under such title or under
12 this title) has an effective income level for
13 children that is at least 200 percent of the
14 poverty line.

15 “(II) Such State child health plan
16 does not limit the acceptance of applica-
17 tions, does not use a waiting list for chil-
18 dren who meet eligibility standards to
19 qualify for assistance, and provides bene-
20 fits to all children in the State who apply
21 for and meet eligibility standards.

22 “(III) Effective for determinations of
23 eligibility made on or after the date that is
24 1 year after the date of the enactment of
25 this clause, the application and renewal

1 procedures for individuals under 19 years
2 of age (or such higher age as the State has
3 elected under section 1902(l)(1)(D)) for
4 medical assistance under section
5 1902(a)(10)(A) are not be more restrictive
6 or burdensome than such procedures used
7 for children with higher income under the
8 State child health plan under title XXI.

9 “(iv) CONDITIONS RELATING TO MINIMUM
10 COVERAGE FOR PARENTS FOR ENHANCED
11 MATCH FOR PARENTS.—The conditions de-
12 scribed in this clause are the following:

13 “(I) The State does not apply an in-
14 come level for parents that is lower than
15 the effective income level (expressed as a
16 percent of the poverty line) that has been
17 specified under the State plan under title
18 XIX (including under a waiver authorized
19 by the Secretary or under section
20 1902(r)(2)), as of January 1, 2005, to be
21 eligible for medical assistance as a parent
22 under this title.

23 “(II) The State plans under this title
24 and title XXI do not provide coverage for
25 parents with higher family income without

1 covering parents with a lower family in-
2 come.

3 “(v) CONDITIONS FOR ENHANCED MATCH
4 FOR CERTAIN PREGNANT WOMEN.—The condi-
5 tions described in this clause are the following:

6 “(I) The State has established an ef-
7 fective income eligibility level for pregnant
8 women under subsection (a)(10)(A)(i)(III)
9 or (l)(2)(A) of section 1902 that is at least
10 185 percent of the poverty line.

11 “(II) The State plans under this title
12 and title XXI do not provide coverage for
13 pregnant women described in subpara-
14 graph (A)(ii) with higher family income
15 without covering such pregnant women
16 with a lower family income.

17 “(III) The State does not apply an in-
18 come level for pregnant women that is
19 lower than the effective income level that
20 has been specified under the State plan
21 under subsection (a)(10)(A)(i)(III) or
22 (l)(2)(A) of section 1902, as of January 1,
23 2005, to be eligible for medical assistance
24 as a pregnant woman.

1 “(IV) The State satisfies the condi-
 2 tions described in subclauses (I) and (II)
 3 of clause (iii).

4 “(vi) DEFINITIONS.—For purposes of this
 5 subsection:

6 “(I) The term ‘parent’ has the mean-
 7 ing given such term for purposes of section
 8 1902(k)(1).

9 “(II) The term ‘poverty line’ has the
 10 meaning given such term in section
 11 2110(c)(5).”.

12 (D) APPROPRIATION FROM TITLE XXI AL-
 13 LOTMENT FOR CERTAIN MEDICAID EXPANSION
 14 COSTS.—Section 2105(a) of the Social Security
 15 Act (42 U.S.C. 1397ee(a)) is amended—

16 (i) in paragraph (1), by redesignating
 17 subparagraphs (B) through (D) as sub-
 18 paragraphs (C) through (E), respectively,
 19 and by inserting after subparagraph (A)
 20 the following new subparagraph:

21 “(B) for medical assistance that is attrib-
 22 utable to expenditures described in section
 23 1905(u)(4)(A);”; and

24 (ii) in paragraph (2), by adding at the
 25 end the following new subparagraph:

1 “(E) Fifth, for expenditures for items de-
 2 scribed in paragraph (1)(E).”.

3 (E) INCREASING ENHANCED FMAP TO 100
 4 PERCENT FOR FISCAL YEARS 2005 AND 2006 FOR
 5 COVERAGE OF PARENTS.—Section 2105(b) of
 6 such Act (42 U.S.C. 1397ee(b)) is amended by
 7 adding at the end the following new sentence:
 8 “Notwithstanding the previous sentence, the
 9 ‘enhanced FMAP’ shall be 100 percent with re-
 10 spect to medical assistance under title XIX for
 11 expenditures described in section
 12 1905(u)(4)(A)(i), but only for such assistance
 13 furnished during fiscal year 2005 and fiscal
 14 year 2006.”.

15 (2) UNDER TITLE XXI.—

16 (A) FAMILYCARE COVERAGE.—Title XXI
 17 of the Social Security Act (42 U.S.C. 1397aa et
 18 seq.) is amended by adding at the end the fol-
 19 lowing:

20 **“SEC. 2111. OPTIONAL FAMILYCARE COVERAGE OF PAR-**
 21 **ENTS OF TARGETED LOW-INCOME CHILDREN.**

22 “(a) OPTIONAL COVERAGE.—Notwithstanding any
 23 other provision of this title, a State may provide for cov-
 24 erage, through an amendment to its State child health
 25 plan under section 2102, of parent health assistance for

1 targeted low-income parents, health care assistance for
2 targeted low-income pregnant women, or both, in accord-
3 ance with this section, but only if—

4 “(1) with respect to the provision of parent
5 health assistance, the State meets the conditions de-
6 scribed in clause (iii) of section 1905(u)(4)(A);

7 “(2) with respect to the provision of health care
8 assistance for pregnant women, the State meets the
9 conditions described in clause (iv) of section
10 1905(u)(4)(A); and

11 “(3) in the case of parent health assistance for
12 targeted low-income parents, the State elects to pro-
13 vide medical assistance under section
14 1902(a)(10)(A)(ii)(XIX), under section 1931, or
15 under a waiver under section 1115 to individuals de-
16 scribed in section 1902(k)(1)(A)(i) and elects an ef-
17 fective income level that, consistent with paragraphs
18 (1)(B) and (2) of section 1902(k), ensures to the
19 maximum extent possible, that such individuals shall
20 be enrolled in the same program as their children if
21 their children are eligible for coverage under title
22 XIX (including under a waiver authorized by the
23 Secretary or under section 1902(r)(2)).

24 “(b) DEFINITIONS.—For purposes of this title:

1 “(1) PARENT HEALTH ASSISTANCE.—The term
2 ‘parent health assistance’ has the meaning given the
3 term child health assistance in section 2110(a) as if
4 any reference to targeted low-income children were
5 a reference to targeted low-income parents.

6 “(2) PARENT.—The term ‘parent’ has the
7 meaning given the term ‘caretaker relative’ for pur-
8 poses of carrying out section 1931.

9 “(3) HEALTH CARE ASSISTANCE FOR PREG-
10 NANT WOMEN.—The term ‘health care assistance for
11 pregnant women’ has the meaning given the term
12 child health assistance in section 2110(a) as if any
13 reference to targeted low-income children were a ref-
14 erence to targeted low-income pregnant women.

15 “(4) TARGETED LOW-INCOME PARENT.—The
16 term ‘targeted low-income parent’ has the meaning
17 given the term targeted low-income child in section
18 2110(b) as if the reference to a child were deemed
19 a reference to a parent (as defined in paragraph (3))
20 of the child; except that in applying such section—

21 “(A) there shall be substituted for the in-
22 come level described in paragraph (1)(B)(ii)(I)
23 the applicable income level in effect for a tar-
24 geted low-income child;

1 “(B) in paragraph (3), January 1, 2005,
2 shall be substituted for July 1, 1997; and

3 “(C) in paragraph (4), January 1, 2005,
4 shall be substituted for March 31, 1997.

5 “(5) TARGETED LOW-INCOME PREGNANT
6 WOMAN.—The term ‘targeted low-income pregnant
7 woman’ has the meaning given the term targeted
8 low-income child in section 2110(b) as if any ref-
9 erence to a child were a reference to a woman dur-
10 ing pregnancy and through the end of the month in
11 which the 60-day period beginning on the last day
12 of her pregnancy ends; except that in applying such
13 section—

14 “(A) there shall be substituted for the in-
15 come level described in paragraph (1)(B)(ii)(I)
16 the applicable income level in effect for a tar-
17 geted low-income child;

18 “(B) in paragraph (3), January 1, 2005,
19 shall be substituted for July 1, 1997; and

20 “(C) in paragraph (4), January 1, 2005,
21 shall be substituted for March 31, 1997.

22 “(c) REFERENCES TO TERMS AND SPECIAL
23 RULES.—In the case of, and with respect to, a State pro-
24 viding for coverage of parent health assistance to targeted
25 low-income parents or health care assistance to targeted

1 low-income pregnant women under subsection (a), the fol-
2 lowing special rules apply:

3 “(1) Any reference in this title (other than in
4 subsection (b)) to a targeted low-income child is
5 deemed to include a reference to a targeted low-in-
6 come parent or a targeted low-income pregnant
7 woman (as applicable).

8 “(2) Any such reference to child health assist-
9 ance—

10 “(A) with respect to such parents is
11 deemed a reference to parent health assistance;
12 and

13 “(B) with respect to such pregnant women,
14 is deemed a reference to health care assistance
15 for pregnant women.

16 “(3) In applying section 2103(e)(3)(B) in the
17 case of a family (consisting of a parent and one or
18 more children) provided coverage under this section
19 or a pregnant woman provided coverage under this
20 section without covering other family members, the
21 limitation on total annual aggregate cost-sharing
22 shall be applied to such entire family or such preg-
23 nant woman, respectively.

24 “(4) In applying section 2110(b)(4), any ref-
25 erence to ‘section 1902(l)(2) or 1905(n)(2) (as se-

1 lected by a State)’ is deemed a reference to the ef-
 2 fective income level applicable to parents under sec-
 3 tion 1931 or under a waiver approved under section
 4 1115, or, in the case of a pregnant woman, the in-
 5 come level established under section 1902(1)(2)(A).

6 “(5) In applying section 2102(b)(3)(B), any
 7 reference to children found through screening to be
 8 eligible for medical assistance under the State med-
 9 icaid plan under title XIX is deemed a reference to
 10 parents and pregnant women.”.

11 (B) ADDITIONAL ALLOTMENT FOR STATES
 12 PROVIDING FAMILYCARE.—

13 (i) IN GENERAL.—Section 2104 of the
 14 Social Security Act (42 U.S.C. 1397dd) is
 15 amended by inserting after subsection (c)
 16 the following:

17 “(d) ADDITIONAL ALLOTMENTS FOR STATE PRO-
 18 VIDING FAMILYCARE.—

19 “(1) APPROPRIATION; TOTAL ALLOTMENT.—
 20 For the purpose of providing additional allotments
 21 to States to provide FamilyCare coverage under sec-
 22 tion 2111, there is appropriated, out of any money
 23 in the Treasury not otherwise appropriated—

24 “(A) for fiscal year 2005, \$7,000,000,000;

25 “(B) for fiscal year 2006, \$7,000,000,000;

1 “(C) for fiscal year 2007, \$3,000,000,000;

2 “(D) for fiscal year 2008, \$3,000,000,000;

3 “(E) for fiscal year 2009, \$6,000,000,000;

4 “(F) for fiscal year 2010, \$7,000,000,000;

5 “(G) for fiscal year 2011, \$8,000,000,000;

6 “(H) for fiscal year 2012, \$9,000,000,000;

7 and

8 “(I) for fiscal year 2013 and each fiscal
9 year thereafter, the amount of the allotment
10 provided under this paragraph for the preceding
11 fiscal year increased by the percentage increase
12 (if any) in the medical care expenditure cat-
13 egory of the Consumer Price Index for All
14 Urban Consumers (United States city average).

15 “(2) STATE AND TERRITORIAL ALLOTMENTS.—

16 “(A) IN GENERAL.—In addition to the al-
17 lotments provided under subsections (b) and
18 (c), subject to paragraphs (3) and (4), of the
19 amount available for the additional allotments
20 under paragraph (1) for a fiscal year, the Sec-
21 retary shall allot to each State with a State
22 child health plan approved under this title—

23 “(i) in the case of such a State other
24 than a commonwealth or territory de-
25 scribed in clause (ii), the same proportion

1 as the proportion of the State's allotment
2 under subsection (b) (determined without
3 regard to subsection (f)) to 98.95 percent
4 of the total amount of the allotments
5 under such section for such States eligible
6 for an allotment under this subparagraph
7 for such fiscal year; and

8 “(ii) in the case of a commonwealth or
9 territory described in subsection (c)(3), the
10 same proportion as the proportion of the
11 commonwealth's or territory's allotment
12 under subsection (c) (determined without
13 regard to subsection (f)) to 1.05 percent of
14 the total amount of the allotments under
15 such section for commonwealths and terri-
16 tories eligible for an allotment under this
17 subparagraph for such fiscal year.

18 “(B) AVAILABILITY AND REDISTRIBUTION
19 OF UNUSED ALLOTMENTS.—In applying sub-
20 sections (e) and (f) with respect to additional
21 allotments made available under this subsection,
22 the procedures established under such sub-
23 sections shall ensure such additional allotments
24 are only made available to States which have
25 elected to provide coverage under section 2111.

1 “(3) USE OF ADDITIONAL ALLOTMENT.—Addi-
 2 tional allotments provided under this subsection are
 3 not available for amounts expended before October
 4 1, 2004. Such amounts are available for amounts ex-
 5 pended on or after such date for child health assist-
 6 ance for targeted low-income children, as well as for
 7 parent health assistance for targeted low-income
 8 parents, and health care assistance for targeted low-
 9 income pregnant women.

10 “(4) REQUIRING ELECTION TO PROVIDE COV-
 11 ERAGE.—No payments may be made to a State
 12 under this title from an allotment provided under
 13 this subsection unless the State has made an elec-
 14 tion to provide parent health assistance for targeted
 15 low-income parents, or health care assistance for
 16 targeted low-income pregnant women.”.

17 (ii) CONFORMING AMENDMENTS.—
 18 Section 2104 of the Social Security Act
 19 (42 U.S.C. 1397dd) is amended—

20 (I) in subsection (a), by inserting
 21 “subject to subsection (d),” after
 22 “under this section,”;

23 (II) in subsection (b)(1), by in-
 24 serting “and subsection (d)” after
 25 “Subject to paragraph (4)”; and

1 (III) in subsection (c)(1), by in-
2 serting “subject to subsection (d),”
3 after “for a fiscal year,”.

4 (C) NO COST-SHARING FOR PREGNANCY-
5 RELATED BENEFITS.—Section 2103(e)(2) of
6 the Social Security Act (42 U.S.C.
7 1397cc(e)(2)) is amended—

8 (i) in the heading, by inserting “AND
9 PREGNANCY-RELATED SERVICES” after
10 “PREVENTIVE SERVICES”; and

11 (ii) by inserting before the period at
12 the end the following: “and for pregnancy-
13 related services”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this subsection apply to items and services fur-
16 nished on or after October 1, 2004, whether or not
17 regulations implementing such amendments have
18 been issued.

19 (b) RULES FOR IMPLEMENTATION BEGINNING WITH
20 FISCAL YEAR 2006.—

21 (1) EXPANSION OF AVAILABILITY OF EN-
22 HANCED MATCH UNDER MEDICAID FOR PRE-CHIP
23 EXPANSIONS.—Paragraph (4) of section 1905(u) of
24 the Social Security Act (42 U.S.C. 1396d(u)), as in-
25 serted by subsection (a)(1)(C), is amended—

1 (A) by amending clause (ii) of subpara-
2 graph (A) to read as follows:

3 “(ii) CERTAIN PREGNANT WOMEN.—Ex-
4 penditures for medical assistance for pregnant
5 women under section 1902(l)(1)(A) in a family
6 the income of which exceeds the 133 percent of
7 the income official poverty line, but only if the
8 income level established under section
9 1902(l)(2) (or under a Statewide waiver under
10 section 1115) for pregnant women is 185 per-
11 cent of the income official poverty line.”; and

12 (B) by adding at the end the following:

13 “(B) CHILDREN IN FAMILIES WITH INCOME
14 ABOVE MEDICAID MANDATORY LEVEL NOT PRE-
15 VIOUSLY DESCRIBED.—The expenditures described
16 in this subparagraph are expenditures (other than
17 expenditures described in paragraph (2) or (3)) for
18 medical assistance made available to any child who
19 is eligible for assistance under section
20 1902(a)(10)(A) (other than under clause (i)) and
21 the income of whose family exceeds the minimum in-
22 come level required under subsection 1902(l)(2) (or,
23 if higher, the minimum level required under section
24 1931 for that State) for a child of the age involved

1 (treating any child who is 19 or 20 years of age as
2 being 18 years of age).”.

3 (2) OFFSET OF ADDITIONAL EXPENDITURES
4 FOR ENHANCED MATCH FOR PRE-CHIP EXPAN-
5 SION.—Section 1905 of the Social Security Act (42
6 U.S.C. 1396d) is amended—

7 (A) in the fourth sentence of subsection
8 (b), by inserting “(except in the case of expend-
9 itures described in subsection (u)(5))” after “do
10 not exceed”;

11 (B) in subsection (u), by inserting after
12 paragraph (4) (as inserted by subparagraph
13 (C)), the following:

14 “(5) For purposes of the fourth sentence of sub-
15 section (b) and section 2105(a), the following payments
16 under this title do not count against a State’s allotment
17 under section 2104:

18 “(A) REGULAR FMAP FOR EXPENDITURES FOR
19 PREGNANT WOMEN WITH INCOME ABOVE 133 PER-
20 CENT OF POVERTY.—The portion of the payments
21 made for expenditures described in paragraph
22 (4)(A)(ii) that represents the amount that would
23 have been paid if the enhanced FMAP had not been
24 substituted for the Federal medical assistance per-
25 centage.

1 “(B) FAMILYCARE PARENTS.—Payments for
2 expenditures described in paragraph (4)(A)(i).

3 “(C) REGULAR FMAP FOR EXPENDITURES FOR
4 CERTAIN CHILDREN IN FAMILIES WITH INCOME
5 ABOVE MEDICAID MANDATORY LEVEL.—The portion
6 of the payments made for expenditures described in
7 paragraph (4)(B) that represents the amount that
8 would have been paid if the enhanced FMAP had
9 not been substituted for the Federal medical assist-
10 ance percentage.”.

11 (B) CONFORMING AMENDMENTS.—Sub-
12 paragraph (B) of section 2105(a)(1) of the So-
13 cial Security Act, as amended by subsection
14 (a)(1)(D), is amended to read as follows:

15 “(B) CERTAIN FAMILYCARE PARENTS AND
16 OTHERS.—Expenditures for medical assistance
17 that is attributable to expenditures described in
18 section 1905(u)(4), except as provided in sec-
19 tion 1905(u)(5).”.

20 (3) EFFECTIVE DATE.—The amendments made
21 by this subsection apply as of October 1, 2005, to
22 fiscal years beginning on or after such date and to
23 expenditures under the State plan on and after such
24 date, whether or not regulations implementing such
25 amendments have been issued.

1 (c) MAKING TITLE XXI BASE ALLOTMENTS PERMA-
2 NENT.—Section 2104(a) of the Social Security Act (42
3 U.S.C. 1397dd(a)) is amended—

4 (1) by striking “and” at the end of paragraph
5 (9);

6 (2) by striking the period at the end of para-
7 graph (10) and inserting “; and”; and

8 (3) by adding at the end the following:

9 “(11) for fiscal year 2008 and each fiscal year
10 thereafter, the amount of the allotment provided
11 under this subsection for the preceding fiscal year
12 increased by the percentage increase (if any) in the
13 medical care expenditure category of the Consumer
14 Price Index for All Urban Consumers (United States
15 city average).”.

16 (d) GAO STUDY.—

17 (1) STUDY.—The Comptroller General of the
18 United States shall conduct a study regarding fund-
19 ing under title XXI of the Social Security Act that
20 examines—

21 (A) the adequacy of overall funding under
22 such title;

23 (B) the formula for determining allotments
24 and for redistribution of unspent funds under
25 such title; and

1 (C) the effect of waiting lists and caps on
2 enrollment under such title.

3 (2) REPORT.—Not later than July 1, 2006, the
4 Comptroller General shall submit a report on the
5 study conducted under paragraph (1). Such report
6 shall include recommendations regarding a better
7 mechanism for determining State allotments and re-
8 distribution of unspent funds under such title in
9 order to ensure all eligible families in need can ac-
10 cess coverage through such title.

11 (e) CONFORMING AMENDMENTS.—

12 (1) ELIGIBILITY CATEGORIES.—Section
13 1905(a) of the Social Security Act (42 U.S.C.
14 1396d(a)) is amended, in the matter before para-
15 graph (1)—

16 (A) by striking “or” at the end of clause
17 (xii);

18 (B) by inserting “or” at the end of clause
19 (xiii); and

20 (C) by inserting after clause (xiii) the fol-
21 lowing:

22 “(xiv) who are parents described (or treated as
23 if described) in section 1902(k)(1),”.

1 (2) INCOME LIMITATIONS.—Section 1903(f)(4)
2 of the Social Security Act (42 U.S.C. 1396b(f)(4))
3 is amended—

4 (A) effective October 1, 2005, by inserting
5 “1902(a)(10)(A)(i)(VIII),” after
6 “1902(a)(10)(A)(i)(VII),”; and
7 (B) by inserting
8 “1902(a)(10)(A)(ii)(XIX),” after
9 “1902(a)(10)(A)(ii)(XVIII),”.

10 (3) CONFORMING AMENDMENT RELATING TO
11 NO WAITING PERIOD FOR PREGNANT WOMEN.—Sec-
12 tion 2102(b)(1)(B) of the Social Security Act (42
13 U.S.C. 1397bb(b)(1)(B)) is amended—

14 (A) by striking “, and” at the end of
15 clause (i) and inserting a semicolon;

16 (B) by striking the period at the end of
17 clause (ii) and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(iii) may not apply a waiting period
20 (including a waiting period to carry out
21 paragraph (3)(C)) in the case of a targeted
22 low-income parent who is pregnant.”.

1 **SEC. 223. AUTOMATIC ENROLLMENT OF CHILDREN BORN**
 2 **TO TITLE XXI PARENTS.**

3 Section 2102(b)(1) of the Social Security Act (42
 4 U.S.C. 1397bb(b)(1)) is amended by adding at the end
 5 the following:

6 “(C) AUTOMATIC ELIGIBILITY OF CHIL-
 7 DREN BORN TO A PARENT BEING PROVIDED
 8 FAMILYCARE.—Such eligibility standards shall
 9 provide for automatic coverage of a child born
 10 to an individual who is provided assistance
 11 under this title in the same manner as medical
 12 assistance would be provided under section
 13 1902(e)(4) to a child described in such sec-
 14 tion.”.

15 **SEC. 224. ALLOWING STATES TO SIMPLIFY RULES FOR FAM-**
 16 **ILIES.**

17 (a) PRESUMPTIVE ELIGIBILITY.—

18 (1) APPLICATION TO PRESUMPTIVE ELIGIBILITY
 19 FOR PREGNANT WOMEN UNDER MEDICAID.—Section
 20 1920(b) of the Social Security Act (42 U.S.C.
 21 1396r–1(b)) is amended by adding at the end after
 22 and below paragraph (2) the following flush sen-
 23 tence:

24 “The term ‘qualified provider’ includes a qualified entity
 25 as defined in section 1920A(b)(3).”.

1 (2) OPTIONAL APPLICATION OF PRESUMPTIVE
 2 ELIGIBILITY PROVISIONS TO PARENTS.—Section
 3 1920A of the Social Security Act (42 U.S.C. 1396r–
 4 1a) is amended by adding at the end the following:
 5 “(e) A State may elect to apply the previous provi-
 6 sions of this section to provide for a period of presumptive
 7 eligibility for medical assistance for a parent of a child
 8 with respect to whom such a period is provided under this
 9 section.”.

10 (3) APPLICATION UNDER TITLE XXI.—Section
 11 2107(e)(1)(D) of the Social Security Act (42 U.S.C.
 12 1397gg(e)(1)) is amended to read as follows:

13 “(D) Sections 1920 and 1920A (relating to
 14 presumptive eligibility).”.

15 (b) 12-MONTHS CONTINUOUS ELIGIBILITY.—

16 (1) MEDICAID.—Section 1902(e)(12) of the So-
 17 cial Security Act (42 U.S.C. 1396a(e)(12)) is
 18 amended—

19 (A) by striking “At the option of the State,
 20 the plan may” and inserting “The plan shall”;

21 (B) by striking “an age specified by the
 22 State (not to exceed 19 years of age)” and in-
 23 serting “19 years of age (or such higher age as
 24 the State has elected under subsection
 25 (l)(1)(D)) or, at the option of the State, who is

1 eligible for medical assistance as the parent of
2 such a child”; and

3 (C) in subparagraph (A), by striking “a
4 period (not to exceed 12 months) ” and insert-
5 ing “the 12-month period beginning on the
6 date”.

7 (2) TITLE XXI.—Section 2102(b)(2) of such
8 Act (42 U.S.C. 1397bb(b)(2)) is amended by adding
9 at the end the following: “Such methods shall pro-
10 vide continuous eligibility for children under this
11 title in a manner that is no less generous than the
12 12-months continuous eligibility provided under sec-
13 tion 1902(e)(12) for children described in such sec-
14 tion under title XIX. If a State has elected to apply
15 section 1902(e)(12) to parents, such methods may
16 provide continuous eligibility for parents under this
17 title in a manner that is no less generous than the
18 12-months continuous eligibility provided under such
19 section for parents described in such section under
20 title XIX.”.

21 (3) EFFECTIVE DATE.—The amendments made
22 by this subsection shall take effect on July 1, 2005,
23 whether or not regulations implementing such
24 amendments have been issued.

1 (c) PROVISION OF MEDICAID AND CHIP APPLICA-
2 TIONS AND INFORMATION UNDER THE SCHOOL LUNCH
3 PROGRAM.—Section 9(b)(2)(B) of the Richard B. Russell
4 National School Lunch Act (42 U.S.C. 1758(b)(2)(B)) is
5 amended—

6 (1) by striking “(B) Applications” and inserting
7 “(B)(i) Applications”; and

8 (2) by adding at the end the following:

9 “(ii)(I) Applications for free and reduced price
10 lunches that are distributed pursuant to clause (i) to par-
11 ents or guardians of children in attendance at schools par-
12 ticipating in the school lunch program under this Act shall
13 also contain information on the availability of medical as-
14 sistance under title XIX of the Social Security Act (42
15 U.S.C. 1396 et seq.) and of child health and FamilyCare
16 assistance under title XXI of such Act, including informa-
17 tion on how to obtain an application for assistance under
18 such programs.

19 “(II) Information on the programs referred to in sub-
20 clause (I) shall be provided on a form separate from the
21 application form for free and reduced price lunches under
22 clause (i).”.

1 **SEC. 225. REVISION AND SIMPLIFICATION OF THE TRANSI-**
 2 **TIONAL MEDICAL ASSISTANCE PROGRAM**
 3 **(TMA).**

4 (a) MAKING REPORTING REQUIREMENTS OPTIONAL;
 5 OPTION OF EXTENDED ELIGIBILITY.—

6 (1) OPTION FOR MAKING REPORTING REQUIRE-
 7 MENTS OPTIONAL.—Section 1925(b) of the Social
 8 Security Act (42 U.S.C. 1396r–6(b)) is amended—

9 (A) in paragraph (1), by inserting “, at the
 10 option of a State,” after “and which”;

11 (B) in paragraph (2)(A), by inserting
 12 “Subject to subparagraph (C)—” after “(A)
 13 NOTICES.—”;

14 (C) in paragraph (2)(B), by inserting
 15 “Subject to subparagraph (C)—” after “(B)
 16 REPORTING REQUIREMENTS.—”;

17 (D) by adding at the end the following new
 18 subparagraph:

19 “(C) STATE OPTION TO WAIVE NOTICE
 20 AND REPORTING REQUIREMENTS.—A State
 21 may waive some or all of the reporting require-
 22 ments under clauses (i) and (ii) of subpara-
 23 graph (B). Insofar as it waives such a reporting
 24 requirement, the State need not provide for a
 25 notice under subparagraph (A) relating to such
 26 requirement.”; and

1 (E) in paragraph (3)(A)(iii), by inserting
 2 “the State has not waived under paragraph
 3 (2)(C) the reporting requirement with respect
 4 to such month under paragraph (2)(B) and if”
 5 after “6-month period if”.

6 (2) STATE OPTION TO EXTEND ELIGIBILITY
 7 FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDI-
 8 TIONAL MONTHS.—Section 1925 of such Act (42
 9 U.S.C. 1396r-6) is further amended—

10 (A) by redesignating subsections (c)
 11 through (f) as subsections (d) through (g); and

12 (B) by inserting after subsection (b) the
 13 following new subsection:

14 “(c) STATE OPTION OF UP TO 12 MONTHS OF ADDI-
 15 TIONAL ELIGIBILITY.—

16 “(1) IN GENERAL.—Notwithstanding any other
 17 provision of this title, each State plan approved
 18 under this title may provide, at the option of the
 19 State, that the State shall offer to each family which
 20 received assistance during the entire 6-month period
 21 under subsection (b) and which meets the applicable
 22 requirement of paragraph (2), in the last month of
 23 the period the option of extending coverage under
 24 this subsection for the succeeding period not to ex-
 25 ceed 12 months.

1 “(2) INCOME RESTRICTION.—The option under
2 paragraph (1) shall not be made available to a fam-
3 ily for a succeeding period unless the State deter-
4 mines that the family’s average gross monthly earn-
5 ings (less such costs for such child care as is nec-
6 essary for the employment of the caretaker relative)
7 as of the end of the 6-month period under sub-
8 section (b) does not exceed 185 percent of the offi-
9 cial poverty line (as defined by the Office of Man-
10 agement and Budget, and revised annually in ac-
11 cordance with section 673(2) of the Omnibus Budget
12 Reconciliation Act of 1981) applicable to a family of
13 the size involved.

14 “(3) APPLICATION OF EXTENSION RULES.—
15 The provisions of paragraphs (2), (3), (4), and (5)
16 of subsection (b) shall apply to the extension pro-
17 vided under this subsection in the same manner as
18 they apply to the extension provided under sub-
19 section (b)(1), except that for purposes of this sub-
20 section—

21 “(A) any reference to a 6-month period
22 under subsection (b)(1) is deemed a reference
23 to the extension period provided under para-
24 graph (1) and any deadlines for any notices or
25 reporting and the premium payment periods

1 shall be modified to correspond to the appro-
 2 priate calendar quarters of coverage provided
 3 under this subsection; and

4 “(B) any reference to a provision of sub-
 5 section (a) or (b) is deemed a reference to the
 6 corresponding provision of subsection (b) or of
 7 this subsection, respectively.”.

8 (b) STATE OPTION TO WAIVE RECEIPT OF MED-
 9 ICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR
 10 TMA.—Section 1925(a)(1) of such Act (42 U.S.C. 1396r–
 11 6(a)(1)) is amended by adding at the end the following:
 12 “A State may, at its option, also apply the previous sen-
 13 tence in the case of a family that was receiving such aid
 14 for fewer than 3 months, or that had applied for and was
 15 eligible for such aid for fewer than 3 months, during the
 16 6 immediately preceding months described in such sen-
 17 tence.”.

18 (c) ELIMINATION OF SUNSET FOR TMA.—

19 (1) Subsection (g) of section 1925 of such Act
 20 (42 U.S.C. 1396r–6), as redesignated under sub-
 21 section (a)(2), is repealed.

22 (2) Section 1902(e)(1) of such Act (42 U.S.C.
 23 1396a(e)(1)) is amended by striking “(A)
 24 Notwithstanding” and all that follows through

1 “During such period, for” in subparagraph (B) and
2 inserting “For”.

3 (d) CMS REPORT ON ENROLLMENT AND PARTICIPA-
4 TION RATES UNDER TMA.—Section 1925 of such Act,
5 as amended by subsections (a)(2) and (c)(1), is amended
6 by adding at the end the following new subsection:

7 “(g) ADDITIONAL PROVISIONS.—

8 “(1) COLLECTION AND REPORTING OF PARTICI-
9 PATION INFORMATION.—Each State shall—

10 “(A) collect and submit to the Secretary,
11 in a format specified by the Secretary, informa-
12 tion on average monthly enrollment and average
13 monthly participation rates for adults and chil-
14 dren under this section; and

15 “(B) make such information publicly avail-
16 able.

17 Such information shall be submitted under subpara-
18 graph (A) at the same time and frequency in which
19 other enrollment information under this title is sub-
20 mitted to the Secretary. Using such information, the
21 Secretary shall submit to Congress annual reports
22 concerning such rates.”.

23 (e) COORDINATION OF WORK.—Section 1925(g) of
24 such Act, as added by subsection (d), is amended by add-
25 ing at the end the following new paragraph:

1 “(2) COORDINATION WITH ADMINISTRATION
2 FOR CHILDREN AND FAMILIES.—The Administrator
3 of the Centers for Medicare & Medicaid Services, in
4 carrying out this section, shall work with the Assist-
5 ant Secretary for the Administration for Children
6 and Families to develop guidance or other technical
7 assistance for States regarding best practices in
8 guaranteeing access to transitional medical assist-
9 ance under this section.”.

10 (f) ELIMINATION OF TMA REQUIREMENT FOR
11 STATES THAT EXTEND COVERAGE TO CHILDREN AND
12 PARENTS THROUGH 185 PERCENT OF POVERTY.—

13 (1) IN GENERAL.—Section 1925 of such Act is
14 further amended by adding at the end the following
15 new subsection:

16 “(h) PROVISIONS OPTIONAL FOR STATES THAT EX-
17 TEND COVERAGE TO CHILDREN AND PARENTS THROUGH
18 185 PERCENT OF POVERTY.—A State may (but is not re-
19 quired to) meet the requirements of subsections (a) and
20 (b) if it provides for medical assistance under section 1931
21 to families (including both children and caretaker rel-
22 atives) the average gross monthly earning of which (less
23 such costs for such child care as is necessary for the em-
24 ployment of a caretaker relative) is at or below a level that
25 is at least 185 percent of the official poverty line (as de-

1 fined by the Office of Management and Budget, and re-
2 vised annually in accordance with section 673(2) of the
3 Omnibus Budget Reconciliation Act of 1981) applicable
4 to a family of the size involved.”.

5 (2) CONFORMING AMENDMENTS.—Such section
6 is further amended, in subsections (a)(1) and (b)(1),
7 by inserting “, but subject to subsection (h),” after
8 “Notwithstanding any other provision of this title,”
9 each place it appears.

10 (g) EXTENDING USE OF OUTSTATIONED WORKERS
11 TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL
12 ASSISTANCE.—Section 1902(a)(55) of such Act (42
13 U.S.C. 1396a(a)(55)) is amended by inserting “and under
14 section 1931” after “(a)(10)(A)(ii)(IX)”.

15 (h) EFFECTIVE DATES.—(1) Except as provided in
16 this subsection, the amendments made by this section shall
17 apply to calendar quarters beginning on or after the date
18 of the enactment of this Act, without regard to whether
19 or not final regulations to carry out such amendments
20 have been promulgated by such date.

21 (2) In the case of a State plan for medical assistance
22 under title XIX of the Social Security Act which the Sec-
23 retary of Health and Human Services determines requires
24 State legislation (other than legislation appropriating
25 funds) in order for the plan to meet the additional require-

1 ments imposed by the amendments made by this section,
 2 the State plan shall not be regarded as failing to comply
 3 with the requirements of such title solely on the basis of
 4 its failure to meet these additional requirements before the
 5 first day of the first calendar quarter beginning after the
 6 close of the first regular session of the State legislature
 7 that begins after the date of the enactment of this Act.
 8 For purposes of the previous sentence, in the case of a
 9 State that has a 2-year legislative session, each year of
 10 such session shall be deemed to be a separate regular ses-
 11 sion of the State legislature.

12 **SEC. 226. LIMITATIONS ON CONFLICTS OF INTEREST.**

13 (a) LIMITATION ON CONFLICTS OF INTEREST IN
 14 MARKETING ACTIVITIES.—

15 (1) TITLE XXI.—Section 2105(c) of the Social
 16 Security Act (42 U.S.C. 300aa–5(c)) is amended by
 17 adding at the end the following:

18 “(8) LIMITATION ON EXPENDITURES FOR MAR-
 19 KETING ACTIVITIES.—Amounts expended by a State
 20 for the use of an administrative vendor in marketing
 21 health benefits coverage to low-income children
 22 under this title shall not be considered, for purposes
 23 of subsection (a)(2)(D), to be reasonable costs to ad-
 24 minister the plan unless the following conditions are
 25 met with respect to the vendor:

1 “(A) The vendor is independent of any en-
 2 tity offering the coverage in the same area of
 3 the State in which the vendor is conducting
 4 marketing activities.

5 “(B) No person who is an owner, em-
 6 ployee, consultant, or has a contract with the
 7 vendor either has any direct or indirect finan-
 8 cial interest with such an entity or has been ex-
 9 cluded from participation in the program under
 10 this title or title XVIII or XIX or debarred by
 11 any Federal agency, or subject to a civil money
 12 penalty under this Act.”.

13 (b) PROHIBITION OF AFFILIATION WITH DEBARRED
 14 INDIVIDUALS.—

15 (1) MEDICAID.—Section 1903(i) of the Social
 16 Security Act (42 U.S.C. 1396b(i))is amended—

17 (A) by striking the period at the end of
 18 paragraph (20) and inserting “; or”; and

19 (B) by inserting after paragraph (20) the
 20 following:

21 “(21) with respect to any amounts expended for
 22 an entity that receives payments under the plan un-
 23 less—

24 “(A) no person with an ownership or con-
 25 trol interest (as defined in section 1124(a)(3))

1 in the entity is a person that is debarred, sus-
 2 pended, or otherwise excluded from partici-
 3 pating in procurement or non-procurement ac-
 4 tivities under the Federal Acquisition Regula-
 5 tion; and

6 “(B) such entity has not entered into an
 7 employment, consulting, or other agreement for
 8 the provision of items or services that are mate-
 9 rial to such entity’s obligations under the plan
 10 with a person described in subparagraph (A).”.

11 (2) TITLE XXI.—Section 2107(e)(1) of the So-
 12 cial Security Act (42 U.S.C. 1397gg(e)(1)) is
 13 amended

14 (A) in subparagraph (B), by striking “and
 15 (17)” and inserting “(17), and (21)”; and

16 (B) by adding at the end the following:

17 “(E) Section 1902(a)(67) (relating to pro-
 18 hibition of affiliation with debarred individ-
 19 uals).”.

20 (c) EFFECTIVE DATE.—The amendments made by
 21 this section shall apply to expenditures made on or after
 22 July 1, 2005, whether or not regulations implementing
 23 such amendments have been issued.

1 **SEC. 227. INCREASE IN CHIP ALLOTMENT FOR EACH OF**
 2 **FISCAL YEARS 2002 THROUGH 2004.**

3 Effective as if included in the enactment of the Bal-
 4 anced Budget Act of 1997, paragraphs (5), (6), and (7)
 5 of section 2104(a) of the Social Security Act (42 U.S.C.
 6 1397dd(a)) are amended by striking “\$3,150,000,000”
 7 each place it appears and inserting “\$4,150,000,000”.

8 **SEC. 228. DEMONSTRATION PROGRAMS TO IMPROVE MED-**
 9 **ICAID AND CHIP OUTREACH TO HOMELESS**
 10 **INDIVIDUALS AND FAMILIES.**

11 (a) **AUTHORITY.**—The Secretary of Health and
 12 Human Services may award demonstration grants to not
 13 more than 7 States (or other qualified entities) to conduct
 14 innovative programs that are designed to improve out-
 15 reach to homeless individuals and families under the pro-
 16 grams described in subsection (b) with respect to enroll-
 17 ment of such individuals and families under such pro-
 18 grams and the provision of services (and coordinating the
 19 provision of such services) under such programs.

20 (b) **PROGRAMS FOR HOMELESS DESCRIBED.**—The
 21 programs described in this subsection are as follows:

22 (1) **MEDICAID.**—The program under title XIX
 23 of the Social Security Act (42 U.S.C. 1396 et seq.).

24 (2) **CHIP.**—The program under title XXI of
 25 the Social Security Act (42 U.S.C. 1397aa et seq.).

1 (3) TANF.—The program under part of A of
2 title IV of the Social Security Act (42 U.S.C. 601
3 et seq.).

4 (4) SAMHSA BLOCK GRANTS.—The program
5 of grants under part B of title XIX of the Public
6 Health Service Act (42 U.S.C. 300x–1 et seq.).

7 (5) FOOD STAMP PROGRAM.—The program
8 under the Food Stamp Act of 1977 (7 U.S.C. 2011
9 et seq.).

10 (6) WORKFORCE INVESTMENT ACT.—The pro-
11 gram under the Workforce Investment Act of 1999
12 (29 U.S.C. 2801 et seq.).

13 (7) WELFARE-TO-WORK.—The welfare-to-work
14 program under section 403(a)(5) of the Social Secu-
15 rity Act (42 U.S.C. 603(a)(5)).

16 (8) OTHER PROGRAMS.—Other public and pri-
17 vate benefit programs that serve low-income individ-
18 uals.

19 (c) APPROPRIATIONS.—For the purposes of carrying
20 out this section, there is appropriated for fiscal year 2005,
21 out of any funds in the Treasury not otherwise appro-
22 priated, \$10,000,000, to remain available until expended.

23 **SEC. 229. ADDITIONAL CHIP REVISIONS.**

24 (a) LIMITING COST-SHARING TO 2.5 PERCENT FOR
25 FAMILIES WITH INCOME BELOW 150 PERCENT OF POV-

1 ERTY.—Section 2103(e)(3)(A) of the Social Security Act
2 (42 U.S.C. 1397cc(e)(3)(A)) is amended—

3 (1) by striking “and” at the end of clause (i);

4 (2) by striking the period at the end of clause
5 (ii) and inserting “; and”; and

6 (3) by adding at the end the following new
7 clause:

8 “(iii) total annual aggregate cost-
9 sharing described in clauses (i) and (ii)
10 with respect to all such targeted low-in-
11 come children in a family under this title
12 that exceeds 2.5 percent of such family’s
13 income for the year involved.”.

14 (b) EMPLOYER COVERAGE WAIVER CHANGES.—Sec-
15 tion 2105(c)(3) of such Act (42 U.S.C. 1397ee(c)(3)) is
16 amended—

17 (1) by redesignating subparagraphs (A) and
18 (B) as clauses (i) and (ii) and indenting appro-
19 priately;

20 (2) by designating the matter beginning with
21 “Payment may be made” as a subparagraph (A)
22 with the heading “IN GENERAL” and indenting ap-
23 propriately; and

24 (3) by adding at the end the following new sub-
25 paragraph:

1 “(B) APPLICATION OF REQUIREMENTS.—

2 In carrying out subparagraph (A)—

3 “(i) in determining cost-effectiveness,
4 the Secretary shall measure against family
5 coverage costs to the extent that a State
6 has expanded coverage to parents pursuant
7 to section 2111;

8 “(ii) subject to clause (iii), the State
9 shall provide satisfactory assurances that
10 the minimum benefits and cost-sharing
11 protections established under this title are
12 provided, either through the coverage
13 under subparagraph (A) or as a supple-
14 ment to such coverage; and

15 “(iii) coverage under such subpara-
16 graph shall not be considered to violate
17 clause (ii) because it does not comply with
18 requirements relating to reviews of health
19 service decisions if the enrollee involved is
20 provided the option of being provided bene-
21 fits directly under this title.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section apply as of January 1, 2005, whether or not
24 regulations implementing such amendments have been
25 issued.

1 **SEC. 230. INCREASED FEDERAL REIMBURSEMENT FOR**
2 **LANGUAGE SERVICES UNDER THE MEDICAID**
3 **PROGRAM AND TITLE XXI.**

4 (a) MEDICAID.—Section 1903(a)(3) of the Social Se-
5 curity Act (42 U.S.C. 1396b(a)(3)) is amended—

6 (1) in subparagraph (D), by striking “plus” at
7 the end and inserting “and”; and

8 (2) by adding at the end the following:

9 “(E) 90 percent of the sums expended with
10 respect to costs incurred during such quarter as
11 are attributable to the provision of language
12 services, including oral interpretation, trans-
13 lations of written materials, and other language
14 services, for individuals with limited English
15 proficiency who apply for, or receive, medical
16 assistance under the State plan; plus”.

17 (b) SCHIP.—Section 2105(a)(1) of the Social Secu-
18 rity Act (42 U.S.C.1397ee(a)) is amended—

19 (1) in the matter preceding subparagraph (A),
20 by inserting “or, in the case of expenditures de-
21 scribed in subparagraph (D)(iv), 90 percent” after
22 “enhanced FMAP”; and

23 (2) in subparagraph (D)—

24 (A) in clause (iii), by striking “and” at the
25 end;

1 (B) be redesignating clause (iv) as clause
2 (v); and

3 (C) by inserting after clause (iii) the fol-
4 lowing:

5 “(iv) for expenditures attributable to
6 the provision of language services, includ-
7 ing oral interpretation, translations of
8 written materials, and other language serv-
9 ices, for individuals with limited English
10 proficiency who apply for, or receive, child
11 health assistance under the plan; and”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section take effect on January 1, 2005.

14 **TITLE III—NATIONAL CENTER**
15 **FOR EVIDENCE-BASED**
16 **HEALTHCARE PRACTICES**

17 **SEC. 301. ESTABLISHMENT OF CENTER.**

18 Part E of title IV of the Public Health Service Act
19 (42 U.S.C. 287 et seq.) is amended by adding at the end
20 the following subpart:

21 **“Subpart 7—National Center for Evidence-Based**
22 **Healthcare Practices**

23 **“SEC. 485J. PURPOSE OF CENTER.**

24 “(a) IN GENERAL.—The general purpose of the Na-
25 tional Center for Evidence-Based Healthcare Practices (in

1 this subpart referred to as the ‘Center’) is the establish-
2 ment of national standards for healthcare practices that
3 are based on scientific evidence developed through the con-
4 duct of research and the collection of data (in this subpart
5 referred to as ‘evidence-based practices’).

6 “(b) CERTAIN DUTIES.— With respect to evidence-
7 based practices established under subsection (a), the Di-
8 rector of the Center—

9 “(1) shall disseminate the practices and provide
10 general information on the practices to the public
11 and health professionals;

12 “(2) may conduct and support programs for
13 training health professionals with respect to the
14 practices; and

15 “(3) may provide to healthcare entities tech-
16 nical assistance regarding the practices.

17 “(c) AUTHORIZATION OF APPROPRIATIONS.—For the
18 purpose of carrying out this section, there are authorized
19 to be appropriated such sums as may be necessary for
20 each of the fiscal years 2005 through 2009.”

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